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Panel Votes to Bare Arab Investments Report

CIA Tries to Supervise Hearing Transcript

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A House subcommittee voted yesterday to recommend disclosure of substantial portions of secret CIA studies on Arab investments in this country after a closed-door hearing to which the CIA dispatched its own guards.

According to subcommittee lawyers, the CIA then tried to commandeer the official House reporter and his stenotapes to Langley to supervise the preparation of the official transcript.

"We were outraged," declared subcommittee counsel Stephen R. McSpadden.

Subcommittee Chairman Benjamin Rosenthal (D-N.Y.) was called off the House floor for advice on what to do. "He immediately told us not to let the CIA abscond with this guy," said Ted Jacobs, the subcommittee's chief counsel. "He said under no circumstances should that property [the stenotapes] leave the House."

The upshot was that a CIA contingent then marched over to the Capitol with the House reporter, Robert Cantor, to babysit the making of the transcript there.

At issue are 17 CIA documents dating to 1974, most of them stamped Secret, concerning the extent of investments by members of the Organization of Petroleum Exporting Countries, particularly by Saudi Arabia and Kuwait and their surrogates, in the United States.

Estimates of those holdings vary widely, but they have been calcu-

lated by some expert witnesses before the subcommittee as between \$150 billion and \$200 billion.

According to a sanitized summary of one 1977 CIA report, Kuwait and Saudi Arabia were making such heavy investments in certain U. S. corporations at the time that "both countries—but especially Kuwait—are having difficulties placing new funds in the U.S. stock market without triggering the SEC 5 percent disclosure rules."

Owners of 5 percent or more of the registered securities of a publicly traded corporation under SEC jurisdiction are required to disclose a broad range of information, including the source and amount of the funds used to acquire the stock.

After months of sparring between the CIA and Rosenthal's Government Operations subcommittee on monetary affairs over the 17 studies, President Reagan formally refused on Feb. 17 to permit their disclosure. He maintained that release of the studies "would be likely to cause grave injury to our foreign relations or would compromise sources and methods of intelligence-gathering."

Rosenthal then introduced a resolution calling on the House to overrule Reagan and authorize publication with only a few deletions to protect "intelligence sources and methods."

By a party-line vote of 6 to 5, the subcommittee yesterday recommended a somewhat-watered-down approach: publishing "summaries of substantial portions" of the documents in a subcommittee report on the foreign investment question.

Rep. Stephen L. Neal (D-N.C.) offered the amended version "for the purpose of getting the CIA to cooperate" before the resolution reaches the House floor. Rosenthal heartily endorsed the change.

The GOP minority, led by Rep. Hal Daub (R-Neb.), dissented, although Daub said he had read all the documents in question and agreed there ought to be some disclosure.

Rosenthal and his aides contend that the degree of secrecy the administration has insisted upon is "ludicrous." They say the CIA reports shed important light on the potential for a mounting degree of OPEC government influence in the United States, but are still primarily analytical studies, similar to those published regularly by private institutions such as Chase Manhattan Bank.

The agency sent more than half a dozen officials to testify at the session, but refused to make their names public. Subcommittee staffers said the CIA also asked that no transcript be made at all, but the request was turned down.

After the vote, Cantor, who works for the clerk of the House, went downstairs to the subcommittee offices, evidently accompanied by a CIA contingent, to get a copy of Rosenthal's resolution, Jacobs said.

"Otherwise, he would have been whisked away to Langley without our knowledge," said Jacobs, who arrived moments later with subcommittee staff director Peter S. Barash.

CIA spokesman Dale Peterson insisted later that it was "standard procedure" for CIA officials to escort the official reporter and "accompany classified testimony when it is being transcribed and until it is, in fact, in safe storage." He said it was "not normal" to bring the reporter to Langley, but Peterson said he was unaware that that had been proposed.

Despite that statement, one veteran House employe said that "we've never had [a CIA] escort for material except when it is above Top Secret."

ENDED